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ROWING CANADA AVIRON BOARD OF DIRECTORS CODE OF CONDUCT AND CONFLICT OF INTEREST POLICY

1. Introduction

The Board of Directors of Rowing Canada Aviron (RCA) and its Executive Committee have been entrusted by the member clubs to oversee and manage the affairs of Rowing Canada Aviron in the interests of the members and with the objectives set out in RCA's constitution. This policy sets out the code of conduct expected of RCA directors in response to the trust placed in them by the membership. It includes in Appendix 1 an annual declaration form in which each director must acknowledge that he or she has read this policy and agrees to abide by it.

2. General conduct

A director:

- a. must be familiar with and comply with the part II of The Canada Corporations Act under which RCA is constituted (a synopsis of the duties and legal liabilities of directors of not-for-profit corporations is provided in Appendix 2);
- b. must avoid any behaviour that would bring RCA into disrepute;
- c. has a duty to act with the utmost honesty and good faith and must always act in the best interests of RCA;
- d. must exercise the care, diligence and skill of a reasonably prudent and informed person under comparable circumstances;
- e. must act as his or her judgment dictates when issues arise on which an RCA decision of general application may not be in the interest of a director's rowing club or Provincial Rowing Association. The expectation is that a director would support the decision that benefits the sport of rowing as a whole;
- f. must not speak publicly on rowing matters when or in such a way that the comments could be perceived to be an official representation of RCA unless authorized to do so by the Board or the President (but directors are otherwise encouraged to speak publicly on rowing matters); and
- g. must be aware of the identity of RCA's sponsors, be supportive of their role as sponsors and refrain from displaying support for sponsors' competitors when involved in national rowing activities.

3. Confidential information

- a. A director must maintain the confidentiality of all information and records that are the property of RCA and that are treated as confidential by RCA and shall not reveal or make use of such information until it becomes a matter of general public knowledge.
- b. Motions approved at Board meetings are not confidential unless the Board so decrees, in which case a director must abide by that decree.
- c. A director must treat discussion at Board meetings as confidential, as well as the number of votes cast for and against a resolution and how other Directors may have voted, except to the extent that such discussion and voting details are contained in the Board approved minutes.

4. Conflicts of interest

- a. A conflict of interest arises where a director has a direct or indirect interest, financial or otherwise, or has a duty that is in conflict with the performance of the director's duties owed to RCA or is sufficient to influence or appear to influence that performance. An indirect interest may arise, for example, through a relative or friend.
- b. For that reason a director may not hold, nor an immediate family member hold, a financial interest, directly or indirectly, or hold a management position in an organization in a relationship with RCA whereby that director could in any way benefit the other organization by influencing the purchasing, sponsorship arrangements or other decisions of RCA unless that interest has been fully disclosed in writing to the Board.
- c. Under RCA's constitution all directors will also belong to a member rowing club and some directors have their position on the RCA Board as a representative of a Provincial Rowing Association. The purpose of this arrangement is to ensure that views and situations from across the country are brought to bear in the Board's deliberations. This arrangement is not regarded as a conflict for the purpose of this policy except where the Board is discussing a matter in relation to a particular rowing club or Provincial Rowing Association, such as might arise in the awarding of a regatta hosting or a disciplinary matter.
- d. When a director perceives that he or she has a conflict or a potential conflict of interest the director must:
 - i. disclose the conflict or potential conflict;
 - ii. leave the Board meeting while the matter creating the conflict is being dealt with;
 - iii. take no part in any discussion or voting with respect to the matter creating the conflict; and
 - iv. not attempt to influence the Board in its dealing with the matter.
- e. If the director with the conflict is the representative of a Provincial Rowing Association that association can change the representative for that meeting in accordance the procedure set out in Article VIII 1 B of RCA's constitution.

5. Gifts

- a. A director must not offer nor accept gifts or excessive entertainment or other benefits to or from RCA's suppliers and sponsors unless they are not intended to be and are neither in such form nor of such value to be taken for a bribe or other improper payment

6. Outside interests

- a. A director must not engage in activities or accept appointments or elections to office in any organization or association whose activities are, or are likely to be, in conflict with RCA's activities or an embarrassment to RCA without the prior written consent of the President of RCA.

7. Administration of this policy

- a. If an undisclosed conflict of interest arises involving a director the President will investigate and either:
 - i. determine that a conflict or potential conflict exists and report his or her findings to the Board; or
 - ii. refer the question to the Board for determination.
- b. A determination of the Board of Directors that a conflict of interest exists or may exist shall be final and binding on RCA and each director. In the event that a conflict of interest arises involving the President the question will be determined by the Board.
- c. If a director who resigns in relation to a conflict of interest is the representative of a Provincial Rowing Association that association can appoint a replacement representative in accordance with the procedure set out in Article VIII I B of the RCA constitution.

APPENDIX 1
Director's Annual Declaration

I acknowledge that I have read and considered the Code of Conduct and Conflict of Interest Policy (the "Policy") of Rowing Canada Aviron and agree to conduct myself as a director in accordance with the Policy.

Signed: _____

Dated: _____

APPENDIX 2

Duties and Legal Liabilities of Directors of Not-For-Profit Corporations

Introduction

The following synopsis is taken from a number of sources. For a more detailed discussion of the subject readers are referred to a publication in 2002 by Industry Canada entitled "Primer for Directors of Not-for-Profit Organizations" and to be found at the following website address:

<http://www.strategis.ic.gc.ca/epic/internet/ncipdci.nsf/vwGeneratedInterE/cl00700e.html>

Rowing Canada Aviron is a not-for-profit corporation incorporated without share capital under Part 11 of the Canada Corporations Act. The term not-for-profit is used to indicate that such corporations are organized for a community purpose and not for profit to their individual members. They are entitled to operate on a profitable basis but are prohibited from paying dividends or other financial benefits to their members. However, as a not-for-profit corporation Rowing Canada Aviron is exempt from income tax, an exemption that can be threatened if the corporation makes profits in excess of its needs.

Duties of Directors

Directors and senior officers are accountable for their actions to the organizations they serve, and often to the general public as well. Primarily they owe a duty of care to their organization and its members. The Canada Corporations Act does not set out a director's duties in plain language nor does it prescribe the standard of care to be met in carrying out that duty. Accordingly, the applicable standard of care is set out in common law. This standard is arguably more onerous than the one imposed on directors of business corporations whose standard of care has been expressly legislated for years. Some of the applicable common law principles are summarized in the following paragraphs.

Duty of Knowledge – Directors must be aware of the requirements of the constitution and bylaws under which the corporation operates and comply with their terms with regard to both substance and timing.

Duty of Care – Directors must act in accordance with the minimum standard of care that a reasonably prudent person with the same knowledge and experience would exercise under similar circumstances and may incur personal liability where their conduct falls short of this criterion. Thus a higher standard of care is expected of those with particular expertise such as lawyers, accountants, physicians, social workers and business persons when addressing matters to which that expertise is relevant. The degree of diligence that a director must exercise may depend to some extent on the size and sophistication of the corporation. A director of an organization with professional management staff should not be expected to devote as much time and attention to everyday operations as a director of a smaller organization without the same human and professional resources. A director who acts honestly, and meets the standards of conduct and care will not be liable for simple errors of business judgement.

Fiduciary Duty – A director is in a fiduciary relationship to the company. A fiduciary is anyone in a position of trust, and fiduciary duties require a director to act honestly and in good faith and in the best interests of the company. A director must avoid any situation in which this duty and self-interest come into conflict, must not take secret rewards, and must protect the corporation's confidential information.

Duty to Avoid Conflicts of Interest –A conflict of interest may arise where a person has a personal or shareholder interest in the same matter, or is a director of two corporations involved in the same transaction. A director who has a direct or indirect interest in a proposed contract that requires board approval must disclose this interest to the board at the meeting at which the matter first arises and not participate in or influence the decision making process.

A Director's Exposure to Legal Liability

A director may be held personally liable for a variety of errors, omissions and wrongful acts that may be committed by the Company. There are over 200 statutes that govern or impose obligations and duties on directors. The most common concerns relate to employee wages and remittances; a director may be held personally liable for unpaid employees' wages and salaries and for any amount of employee income tax, EI, CPP, or GST payments, including penalties, not remitted by the corporation, for a period of up to six months.

The directors of the company are responsible for ensuring that it complies with applicable laws, its letters patent and its by-laws. Directors who disagree with a proposed action or decision of the board should protect themselves against potential liability by voting against the action or motion and making sure that the dissenting vote is recorded in the minutes of the corporation.

Members of a Board of Directors face exposure to liability for any of their own actions that are inconsistent with the duties owed by directors to the corporation they serve. This includes:

Criminal Liability – The Criminal Code of Canada defines criminal and quasi-criminal action of directors (e.g.: fraud or conspiracy by the director or by the organization) and includes consequences such as fines, imprisonment or both.

Civil Liability – civil liability generally only results where a director has personal participation in the offence or has authorized the offence.

Statutory Liabilities – Failure of directors to comply with the provisions of the Canada Corporations Act may result in fines up to \$1000 and/or imprisonment up to 1 year.

Protection of Directors

Indemnification can be provided by the corporation in the form of compensation for any loss incurred for liabilities arising from the performance of his or her duties within the scope of his or her authority and as long as he or she has acted in good faith, except those arising from willfully negligent actions such as breaches of standards of care or statutes and suits lodged by the corporation itself against the director. In the case of RCA the following indemnity is provided to directors and officers by the constitution:

"Every director or officer of CARA or other person who has undertaken or is about to undertake any liability on behalf of CARA shall from time to time and at all times, be indemnified and saved harmless out of the funds of the corporation, from and against:

- all costs, charges and expense which such director, officer, or other person sustains or incurs in or about any action, suit or proceeding which is brought, commenced or prosecuted against him/her, or in respect of any act, deed, matter or thing whatsoever made, done or permitted by his/her office or in respect of any such liability; and

- all other costs, charges and expenses which he/she sustains or incurs in or about or in relation to the affairs thereof, except such costs, charges or expenses as are occasioned by his/her own willful neglect or default.”

However, indemnity is only effective to the extent that the corporation is in a financial position to honor it. If the corporation does not have adequate funds the indemnification is illusionary. For this reason RCA also has Director's Liability Insurance for its executive officers and directors which provides coverage with respect to their duties as officers or directors.